Defense Supply Center Richmond
Aviation Supplier Operations
DSCR-FA
Aviation Logistics Conference 2005

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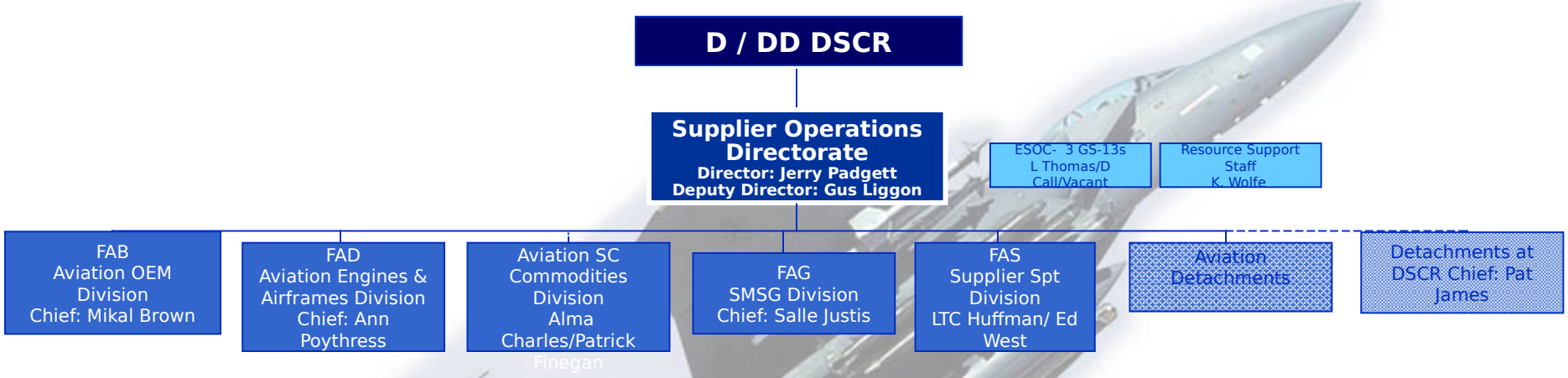
Agenda

- **Mission and Organization**
- **Supplier Relationship Management**
- **Kitting**
- **Take Aways**

Mission

Improve DLA Parts Support For Aviation Customers By Performing Inventory Planning, Procurement Activities And Effectively Managing Suppliers

Organization



- **Customer and Supplier Facing Organization**
- **Enhanced Support to the Warfighter**
- **Complementary to Industry Practices**

SRM Definition

A Strategy To Build Two-way Relationships With Key Suppliers Across The DLA Enterprise As A Way To Evaluate And Manage Supplier Capability And Jointly Solve Problems. It Is A Critical Element In The Shift From Managing Supplies To Managing Suppliers. It Establishes DLA As A Seamless Partner In The Overall Supply Chain Linking Our Supplier With Our Customers.

Strategy

DSCR Leading DoD Logistics Transformation

From		To
Reliance on Government Inventories	→	Leveraging t… Market & St… …stribution
Management of Individual Items	→	Managing Long Term, Corporate Contracts & Strategic Sourcing
Managing Individual Processes	→	Managing All Logistics Processes

- ✓ Buy Best Commercial Supply Chains Where they Exist
- ✓ Build "Virtual" Chains Where the Pieces Exist
- ✓ Retool Acquisitions Consistent With the Vendor Base
- ✓ Integrate With Organic Chains Where It Makes Sense

While Maintaining a Balance in Our Socioeconomic Programs

Materiel Sourcing Strate

18 Strategic Supplier Alliances

Alliance

Performance Partnership

Preferred Suppliers

Tactical

Leverage Strategy=Price Leverage

- Leverage Competition
- Long Term Contracts
  - -Prime Vendor
  - -Corporate Contract

Strategic Strategy=Alliance

Long Term Relationships

- Corporate Contracts

-Strategic Alliance

Tactical Strategy=Consolidati

- Minimize Procurement Cost Drivers
- Minimize Logistics Cost Drivers
  - -Automation

Bottleneck Strategy=Minimize Risk

- Insurance Stock
- Authorized Substitution

-Include in other strategies

Spend

Risk

Defense Logistics Agency SSAs

DSCC

AM General
GDLS and GM Defense
Oshkosh
United Defense LP*
Night Vision *
Warren Pump *
Dresser Rand
Raytheon

DSCP

AVIBANK
Alcoa (Fairchild Fasteners)
SPS Technologies

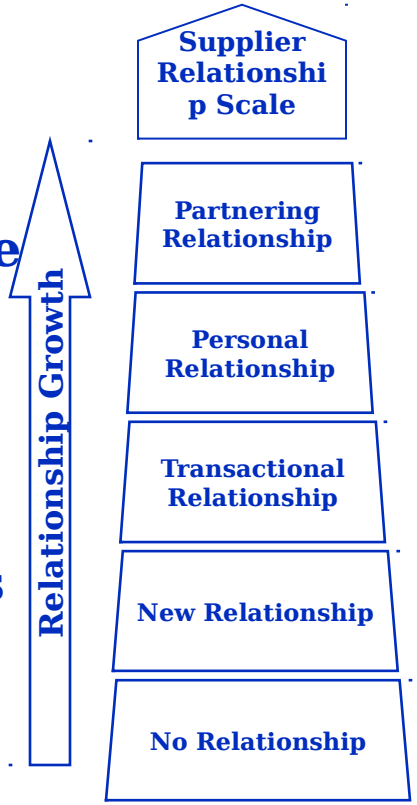
* Not Fully Established SSAs

DSCR

Aircraft Braking Systems
BAE
Boeing
Canadian Commercial
Eaton Corp.
General Electric
Goodrich Corporation
Hamilton Sundstrand
Honeywell
Lockheed Martin
Moog Inc.
Northrop Grumman
Parker Hannifin
Pratt & Whitney
Rolls Royce
Sikorsky
Textron/Bell Helicopter
Smith Aerospace

Senior Executive Partnership Round Table
GOALS

- **Build Foundation for Long-Term Collaborative Logistics**
  - **Share Common Purpose – Support the Warfighter**
  - **DLA Supplier Teams/Strategic Supplier Alliance Initiatives – Start with OEM**
- **Build Relationships**
  - **Executive Level Meetings (Gather OEM Principals)**
  - **Personal Exchanges – Open, Free Discussions**
  - **Share Ideas, Insights, Experience, Perspectives**
- **Expand Common Interests**
  - **Improved Readiness**
  - **Streamline Acquisition Process**
  - **Lower Costs/Reduce Overhead**



Setting Goals Together: Customers <-> DLA <-> Suppliers

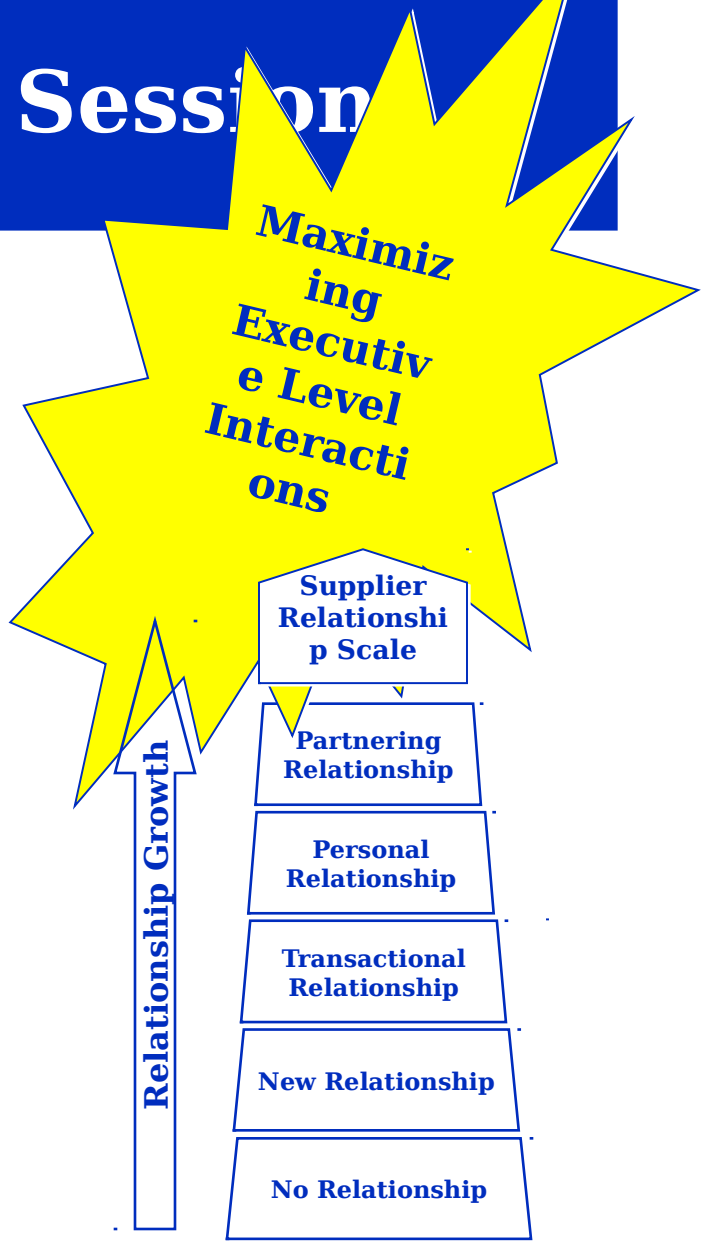
One on One Session

Strategic Focus

- Partnering on Performance Based Logistics
- SSA Metrics/Scorecard

Tactical Focus

- Supplier Team Balanced Scorecard
- Weapon System Impact
- Corporate Contracts
- Unhealthy NSNs



DSCR Kitting Summary

Kit Summary

Total Kit NSNs 694

Total Components 6,700+

FY 04 Kit Sales $34.5M@SUP

Total Kit NSNs & %Sales @SUP

Army	359 / 70%
Air Force	129 / 25%
Navy	206 / 5%

Estimated FY 05 Sales = $39.7M @SUP

Top Kits Improving Readiness

- CH-47/AH-64 Phase Kits for OIF/OEF
- UH-60 Blackhawk Phase Kits
- UH-60 NASCAR Windshield Laminate
- F-16 Delta Kits for OO-ALC
- F-16 F110-Engine SLEP Kits OC-ALC
- AV-8B Center Fuel Tank SOF Kit
- F/A-18 Bomb Release Unit (BRU32)
- F-14/F/A-18 Ejection Seat Kits

Requirements Development

- Customer Ops evaluate requirements. Scope and requirements are unknown
  or on-site in depth kit support requested beyond customer survey
- Multi-award service contract to a competitive range of large/small businesses
- Provides on-site kit requirements development services
  - Review customer tech data, develop BOM, identify u engineering
    ces, Id system integration issues, & in-depth parts a s

Existing Kit Support

	Commercial Kitting Contracts # Kit NSNs/ #Component NSNs	Organic Kitting Projects # Kit NSNs/ #Component NSNs	Demand-Based Kits # Kit NSNs/ #Component NSNs	
Army	CH-47 Reset 7/150 (LTC)	CCAD Hardware 97/1,654	UH-60 31/654	OH-58 9/279
	AH-64 Reset 2/222 (LTC)	HH/SH/UH-60 CCAD 135/1,998	AH-64 16/471	UN-1N 7/192
	UH-60 500 Hour Phase 1/139 (LTC)	UH-60 APU 1/43	CH-47 27/519	
	AH-64 APU Bearing 2/12 (U&C)			
	UH-60 Windshield Laminate 2/23 (U&C)			
Air Force	OC-ALC B-52 Cold Start 1/29 (LTC)	A-10 Wing Mod 3/81	C-130 3/51	F-15 15/296
	OC-ALC C-130 1/18 (LTC)	E-3 Lower Lobe Wiring 1/10	C-141 2/34	F-16 12/158
	Tinker Engines (Multiple) 10/126 (LTC)	F-16 Delta Kits 13/383	C-5 13/351	HH-53 1/13
		F-16 F110-100/129 SLEP 10/109	E-8 1/4	UH-1N 2/18
			Engines 25/241	
Navy/Marines	F/A-18 Hydraulics 14/271(LTC)	AV-8B Blast Shields 4/111	EA-6B 10/204	CH-53 4/145
	F/A-18 MLG 65/918 (LTC)	F/A-18 F404 Flame Holder 1/3	AH-1W 6/215	E2/C2 4/81

Business Process Summary

Make Aviation Supply Chain The 1st Choice For Kitting Services

- Experienced Staff Solely Dedicated To Kitting
- Kits Are Tailored To Meet Customer's Specific Requirements
- Flexibility In Developing Kits And Funding
- Organic Kitting Through DDC Offers Affordable Kit Assembly
- Website Offers Easy Access To Kitting Information And Forms
- Enterprise Kitting Rules For DLA Supply Chains

Take Aways

- **Supplier Operations transition to Integrated Supplier Teams (ISTs)**
- **ISTs Executing Strategies to Enhance Tactical Support to Suppliers and Customers**
- **SMS Group Leading DLA Strategic Improvements**
- **SRM and Kitting Are Key Strategies**

Next Briefing